Defense Logistics Agency

DoD's Combat Logistics Support Agency

FY 02 Sales/Services: $21.5B
FY 03 Sales/Services: $25B
FY 04 Projection: $28.9B

- **Energy: $ 5.2B**

Distribution: $ 2.2B

- **Other: $ 1.4B**

~95% of service's repair parts 100% of service's subsistence, fuels, medical, clothing & textile, construction & barrier

Scope of Business

- **45,000 Requisitions/Day**
- **8,200 Contracts/Day**
- **#54 Fortune 500 – Above Northrop Gr**
- **#2 in Top 50 Distribution Warehous**
- **23 Distribution Depots**
- **5.2 Million Items**
- **24.7M Annual Receipts and Issues**
- **1411 Weapon Systems Supported**
- **147.7M Barrels Fuel Sold (FY 03)**
- **$12.5B Annual Reutilizations/Dispos**

Foreign Military Sales

- **Sales: $719M**
- **Shipments: 580K**
- **Supporting 124 Nations**

People

- **21,462 Civilians**
- **525 Active Duty Military**
- **637 Reserve Military**
- **Located in 48 States/28 Countries**

Defense Logistics Agency in 2025

DoD's Combat Logistics Support Agency

FY 23 Sales/Services: $221.5B
FY 24 Sales/Services: $225B
FY 25 Projection: $228.9B

- **Energy: $ 5.2B**

Distribution: $ 2.2B

- **Other: $ 1.4B**

~95% of service's repair parts 100% of service's subsistence, fuels, medical, clothing & textile, construction & barrier

Foreign Military Sales

- **Sales: $7,719M**
- **Shipments: 2,580K**
- **Supporting 324 Nations**

Scope of Business

- **825,697 DoDAACs in Vadala Files**
- **145,000 Requisitions/Day**
- **8,200 Contracts/Day**
- **#54 Fortune 500 – Above Northrop Gr**
- **#2 in Top 50 Distribution Warehous**
- **23 Distribution Depots**
- **5.2 Million Items**
- **24.7M Annual Receipts and Issues**
- **1411 Weapon Systems Supported**
- **147.7M Barrels Fuel Sold (FY 03)**
- **$12.5B Annual Reutilizations/Dispos**

People

- **462 Civilians**
- **5 Active Duty Military**
- **63 Reserve Military**
- **Located in 48 States/28 Countries**

Special Program Requirements

Presented to the CSRs

Steve StJohn/Teresa Kyte
CSO-N

CSR participation in the SPR Process

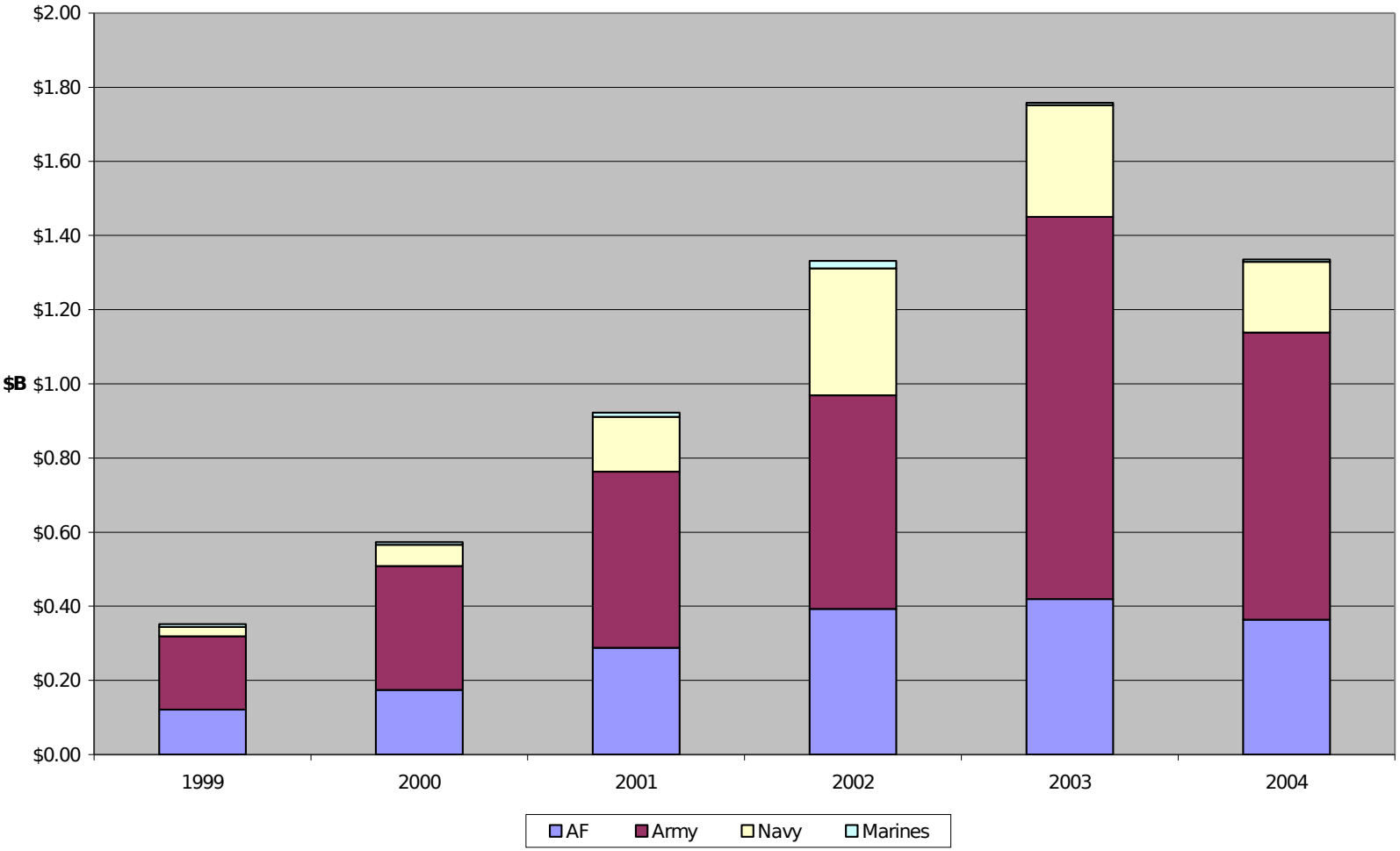
- We need CSRs participation to improve customers current process.
  - Special Thanks to two CSRs:
    - Roxy Duncan (Navy Team)
    - Steve Soisson (Air Force Team)
- We must continue to improve current process.
- We must prepare to work in new customer collaboration environment.
  - We need your help preparing the customers for the new environment.

TOPICS

- **Dollar Value of SPRs**
- **Challenges to Tracking**
- **Tracking System Numbers**
- **Zero Demand Metric**
- **Issues**
  - **SPR/AIMS Tool**
  - **BSM (DDE)**
- **Demonstration of SPR Tracking System**

Dollar $$$ Value of SPRs

Historical Dollar Value all SPRs by



FY04 is the value as of the end of June 04

The Mandate to Track

Draft PBD 425 Removed all SPRs from DLA Budget

“ The sales do not always take place as requirements change and there is no penalty to the Service for over estimating the requirement. “

DLA Reclama

“ DLA is testing an SPR buy-back tracking model that identifies our financial risk based on customer buy back history. … buy back factor will be applied to future purchases, minimizing DLA’s future financial risk. “

As a result of reclama – SPR section removed from signed PBD.

Challenges to Tracking Buy Back Rates

Challenges to Tracking "Buy-Back"

- **No link between a specific SPR and a specific Requisition.**
- **Multiple sites submit SPRs that are requisitioned by multiple DoDAACS. Services must furnish data to**

  populate DoDAAC tables in the tracking program.
- **Some forecasts are for a total requirement and some are for a "net requirement".**
- **The Tracking System is not Perfect.**

Current Tracking Metric

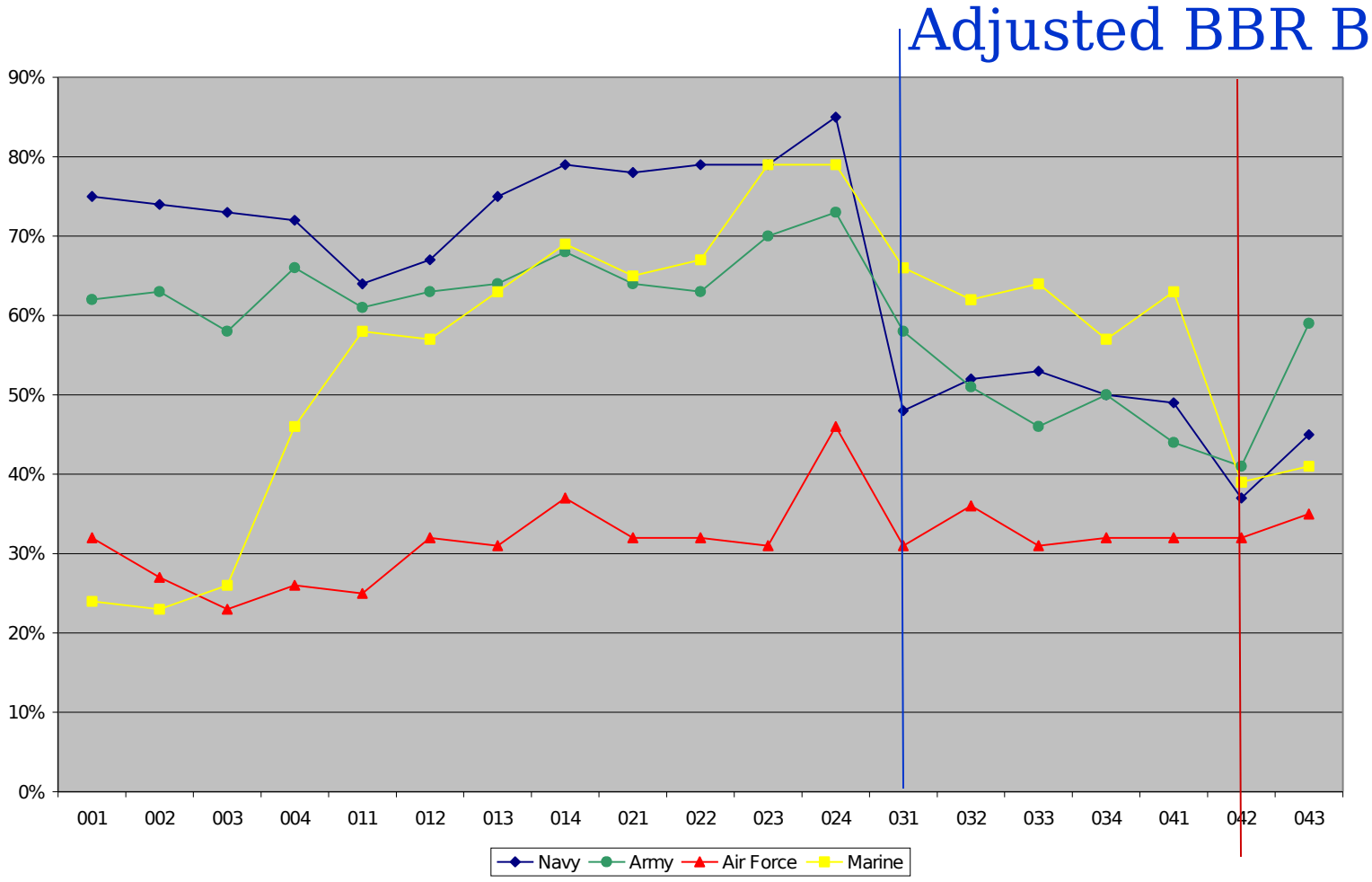
- **No single " buy back " percentage.**
- **"Zero" Buy Back does not mean NO requisitions.**
  - **Zero means no demands above historical average from specified DoDAAC.**
- **Services Are Defensive**
  - **Services Focus on complexities of tracking program.**

Tracking System Data Issues

- If a DoDAAC is used in more than one DoDAAC table and more than one SPR is submitted for a NIIN than the demand for that NIIN is only credited to one UIC_NIIN combination.
  - For example – Two pseudo DoDAACs, N688%% and NSEOC%, submit a SPR on a NSN. Both pseudo DoDAACs contain the 8 of the 9 requisitioning DoDAACs. In this case NSEOC % received all credit for the requisitions and N688%% received no credit.
- If SPRs are submitted for a UIC_NIIN for more than one project code the SPR qty and demand qty for that UIC_NIIN are summed and used for each project code.
  - For example – W45N7V submits SPRs for a NIIN for a qty of 13 for Project Code ZCN and a qty of 15 for project code AB5; the SPR qty for both projects codes will be 28. In addition, the total demand qty will be used for each project code.

Buy Back Rates

Zero Buy Back Rates Using Tracking

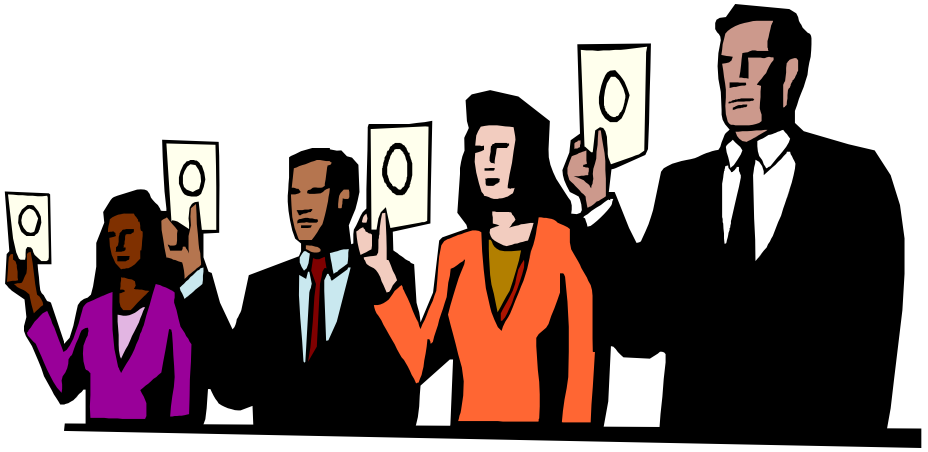


Modification of Program

Changes to SPR Tracking Program

- DoDAAC Tables – on going
- DLA Supportability and adjustment to the BBR – January 03
  - The BBR for a UIC_NIIN is adjusted to reflect DLA's supportability of that NIIN.
- Modification to the program logic – April 04
  - Due to a date issue not all SPR modifications and cancellations were implemented in the BBR.

Zero Demand Metric



What's Changed

Buyback Metrics

- **Metrics expanded to include Zero Demand.**
  - **Future location on the WSSP website.**
  - **Access Database or Excel Workbook for download.**

- **Definition**
  - **No Service Demand.**
  - **Focuses on high impact NSNs.**
  - **Avoids conflict over counting rules.**

The Road Ahead for Zero Demand Metric

- **It is a logical " first step " for Services to use to make improvements to their forecasts.** *It provides a single clear metric.*

- **Add NSNs in the BBR_GE_150 to future analysis.**

  - **Future location on the WSSP website.**

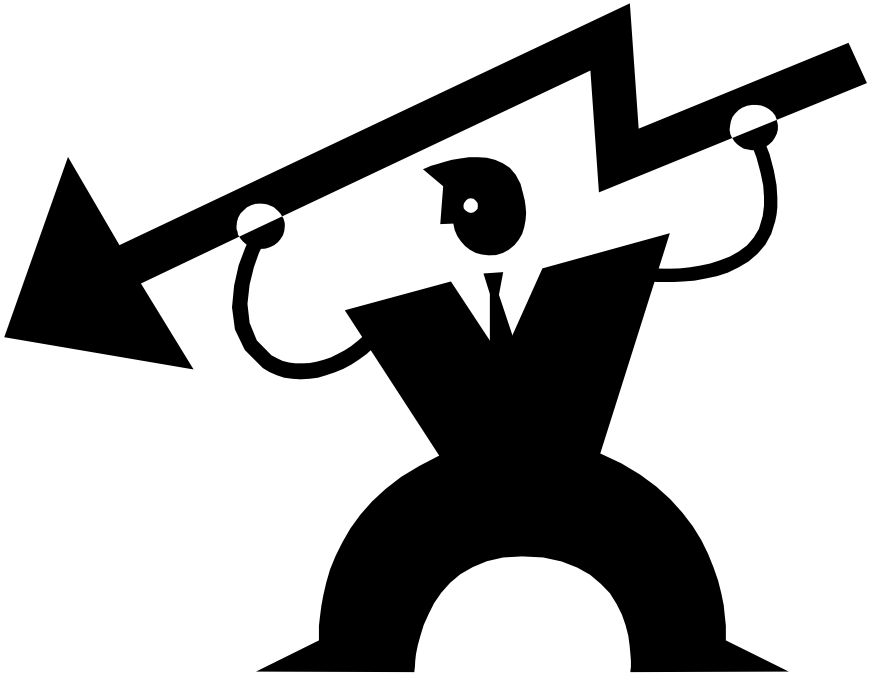
- **Pros – Clear metric – Easy to understand – Services can not dispute – Identifies "high impact" – worst offender NSNs – Service action to improve "zero buy back" should improve entire forecasting process.**

- **Con- Metric too generous to Services.**

Zero Buy-Back Rate 043 Using all demand from the Services

	Zero BBR with all Demand	Count of UIC_NIIN	SPR_VALUE
ARMY	15.7 %	16,432	25.0M
NAVY	20.0 %	4,599	16.2M
AIR FORCE	22.7 %	3,657	10.0 M
MARINES	22.2 %	813	0.38M

SPR/AIMS TOOL



Bottom Line

- **DLA will implement the AIMS/SPR Support Application.**
  - **The Director has approved DLA wide the use of the AIMS/SPR Support Application (June 14, 2004).**
  - **Program currently running at DSCP**
    - **Saved over $20M in FY03**
    - **< 1% reduction in SMA**
    - **Approved for use by DSCC and DSCR**
  - **This application reduces investments in future customer non-demand based forecasts, as communicated via the SPR process, based on the customers forecast reliability.**
  - **This reliability is measured through their performance in buying back past forecasts.**

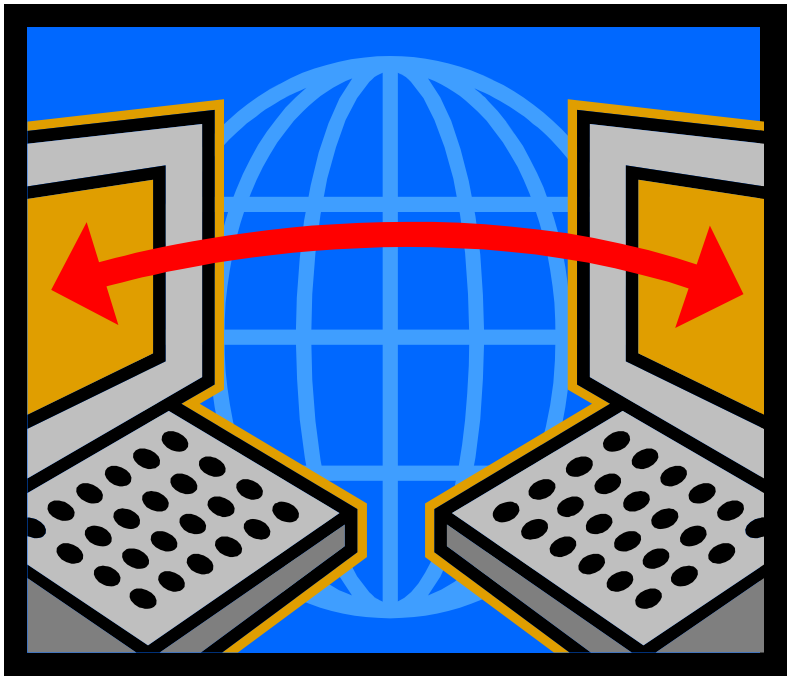
Rationale for Using AIMS/SPR Support Application

- DoD Policy
  - "…funding capability of the ICP, accuracy of past forecasts, and the degree of assurance that requisitions will follow."
- DoD Comptroller
  - PBD 425 "Decreases DLA obligations authority … to have the Services fund their own SPRs."
- DOD IG
  - Ongoing study of SPRs. Final report will recommend DLA implementation
- DORRA Study
  - "Substantial Dollar savings can be achieved by reducing support to SPRs with lower BuyBack rates.
  - These savings can be targeted for more immediate needs.
  - Adjusting support for SPRs results in an average savings of $47M (2.1%) at a cost of 0.44% in supply availability over 15 months."

Applying SPR Support Factor to AIMS Recommended Buy Process

- **Non-SAMMS Unique Application**
- **Bolt-On to Automated Inventory Management Support System (AIMS)**
- **Automated Process with No manual action required.**
- **Factors applied based on unique DODAAC, NSN combinations.**

Transition To BSM



R2.1.2 Forecasting - DDE & Web-based Customer Collab

Demand Data Exchange (DDE):

- DDE is basically system-to system forecasting but without the SPR
- DLA will offer DDE to its customers as part of a Performance Based Agreement (PBA).
- DDE can be submitted within and outside leadtime for increases and decreases in demand.
- This process is based upon electronic data exchange and does NOT require SPRs.

Customer Collaboration (Web-based):

- Collaboration is a process of strategic, tactical, and operational time-based quantitative/qualitative information-sharing between DLA and its applicable customers.
- This process includes an evaluation process of the DDE by exception only.

Goal:

- The goal of the Customer Collaboration Process is to facilitate communication and partnering between DLA and its customers to improve customer relations and increase Demand Plan Accuracy (DPA).

Customer Collaboration: Launch Customer List

Service	MAJ COM	Requisitioner Name	Description	DLA Supply Chain	Forecast-ing to DLA?	DSD Dependency ?	Concept Demo Collab.	Customer Sr. Mgmt. Support
Army	AMC	Corpus Christi Army Depot	Army Depot	Aviation	Y	Y	N	?
Army	AMC	Tobyhanna Army Depot	Army Depot	Land	Y	N	N	?
Army	AMC	Subsistence Customer TBD	TBD	Subsistence	Y	N	N	?
Air Force	AFMC	Ogden Air Logistics	Ogden ALC	Aviation	Y	Y	Y	Y
Air Force	AFMC	Oklahoma Air Logistics	Oklahoma City ALC	Aviation	Y	Y	N	Y
Air Force	AFMC	Warner Robins Air Logistics	Warner Robins ALC	Aviation	Y	Y	N	Y
USN/USMC	NAVAIR	NADEP Cherry Point	NADEP Cherry Point	Aviation	Y	Y	Y	Y
USN/USMC	NAVAIR	NADEP Jacksonville	NADEP Jacksonville	Aviation	Y	Y	N	Y
Navy	NAVAIR	NADEP North Island	NADEP North Island	Aviation	Y	Y	Y	Y
Navy	NAVSEA	TRF King's Bay - Atlantic	Trident submarines	Maritime	Y	N	Y	?
Navy	NAVSEA	Norfolk Shipyard	Industrial Maritime	Maritime	Y	N	Y	?
Navy	NAVSEA	PACNORWEST - Pacific	Trident submarines	Maritime	Y	N	Y	?

SPR Tracking on the WWW

- https://today.dla.mil/j-4/wssp/
  - Customer Support Information
    - SPR

BACK-UP SLIDES

Zero Buy-Back Rate 042 Using all demand from the Services

	Zero BBR with all Demand	Count of UIC_NIIN	SPR_VALUE
ARMY	28%	16,610	26.4 M
NAVY	17%	3,115	8.3 M
AIR FORCE	19%	2,389	5.5 M
MARINES	19 %	687	0.4 M

Navy Zero Buy-Back Rate Top Drivers – CY03

Aviation

Project Code	UIC_ NIIN/Total	SPR Value (zero BBR)
F402 Engine	394/1,569	$ 2,191,581
F404 Engine (Non-PBL)	201/691	$ 1,652,755
J52 Engine	183/667	$ 1,286,130
NCHP	74/588	$ 487,851

Maritime

Project Code	UIC_ NIIN/Total	SPR Value (zero BBR)
CWL (Seawolf)	658/ 690	$ 3,690,145
CWF (Seawolf)	40/65	$471,083
ZN2 (Nuclear)	1,508/ 5,759	$239,790
721 (Trident)	2,852/ 9,322	$171,591

ARMY Zero Buy-Back Rate Top Drivers – CY03

By Project Code

Project Code	UIC_ NIIN/Tot	SPR Value (Zero BBR)
ZCN Programmed Overhauls	6,150/41,263	$ 7,988,615
AB5 Army Maintenance Recapitalization Program	1,379/10,987	$2,616,817

By DoDAAC

DoDAAC	UIC_ NIIN/Tot	SPR Value (Zero BBR)
W45N7V CORPUS CHRISTI ARMY DEPOT	1,786/13,931	$4,951,825
W31G1% Anniston	2,214/24,790	$4,091,612
W45G18 RED RIVER ARMY DEPOT	956/10,596	$2,160,862
W25G1V TOBYHANNA ARMY DEPOT	1,189/4,808	$1,320,267